

August 16, 2013

State Tax Commission
state-tax-commission@michigan.gov

Re: **Uncapping of Real Property Subject to Wind Energy Leases in Excess of 35 Years**

Dear Sir/Madam:

At the request of Executive Secretary Kelli Sobel, I am writing you this letter to address an issue related to wind turbine valuation.

In particular, as a practitioner in the property tax area, I respectfully request that the State Tax Commission issue a bulletin or memorandum providing that wind energy leases, regardless of their length, do not uncap the taxable value of the underlying fee interest in the real estate. My support for this is as follows.

MCL 211.27a(6)(g) specifically says: "This subdivision [providing that a lease in excess of 35 years uncaps the underlying fee interest] does not apply to personal property except buildings described in section 14(6) and personal property described in section 8(h), (i), and (j)." (emphasis added). Thus, a lease for more than 35 years that is personal property, would not uncap the underlying fee interest in the real estate.

So, is a wind energy lease personal property? Other provisions in the General Property Tax Act indicate that "yes", it is personal property.

MCL 211.8(g) provides that "the personal property of . . . electric light companies . . . [is] to be assessed in the local tax collecting unit in which the personal property is located. The . . . rights of way and the easements or other interests in real property by virtue of which the . . . supports, and wires [of an electric light company] are erected and maintained, shall be assessed as personal property in the local taxing collecting unit where laid, placed, or located."

The leases of a wind energy company are "other interests in real property by virtue of which the supports [turbines], and wires [collection lines] are erected and maintained." MCL 211.8(g).

Further, a wind energy company produces electricity and thus is an "electric light company" in the parlance of this statute. But, if there is any question on that issue, the Michigan Supreme Court has concluded that MCL 211.8(g)'s language is not meant to be restrictive and should be applied to all public utilities, which the Michigan Supreme Court broadly defined as "[u]tility means the state or quality of being useful. Was this [company] . . . one useful to the

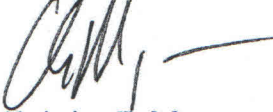
public'? If so, it was a public utility." *Continental Cable Vision of Michigan, Inc. v. City of Roseville*, 430 Mich 727, 748; 425 NW2d 53 (1988) (quoting *Schurtz v. City of Grand Rapids*, 208 Mich 510, 524; 175 NW 421 (1919)). In the *Continental* case, the Michigan Supreme Court concluded that a cable television company was a "public utility".

Finally, this Commission itself has issued Form L-4565 "Wind Energy System Reports" which provides in "Part 2" that an owner of a wind energy system is required to report and pay personal property tax on its "easements, rights of way, and/or leasehold interests".

Thus, wind energy leases are being classified and taxed by the Commission as personal property and thus should be exempt from uncapping under MCL 211.27a(6)(g).

So, I am respectfully requesting that the State Tax Commission review this issue and provide clear guidance to owners of wind energy systems providing that the leasehold interests they typically acquire in order to erect and access wind turbines and to install and access related collection lines are exempt from the uncapping under MCL 211.27a(6)(g).

Very truly yours,



Christian E. Meyer

CM/cd

cc: Executive Secretary Kelli Sobel

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133321.152099



A CMS Energy Company

One Energy Plaza
Jackson, MI 49201-2276

August 16, 2013

VIA EMAIL STATE-TAX-COMMISSION@MICHIGAN.GOV

Kelli Sobel
State Tax Commission
P.O. Box 30471
Lansing, MI 48909

RE: Comments to Revised Form 4565 Wind Energy Systems Report

Dear Ms. Sobel:

Attached to this letter please find comments regarding the revised Form 4565 Wind Energy Systems Report submitted on behalf of Consumers Energy.

We appreciate the opportunity to provide input on this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Brian VanBlarcum".

Brian VanBlarcum
Property Tax Manager
(517) 788-6547

A handwritten signature in cursive script, appearing to read "Carolee Kvorciak Cameron".

Carolee Kvorciak Cameron
Tax Attorney
(517) 788-2209

INTRODUCTION

Consumers Energy appreciates this opportunity to comment on the State Tax Commission's proposed 2014 Wind Energy System Report (the "Proposed 2014 Report"). Wind energy systems are a relatively new and evolving energy source, heavily dependent on governmental mandates and subsidies. Consumer Energy understands the challenges faced by the State Tax Commission ("STC") in exercising its statutory responsibilities to oversee the uniform administration of property taxes to these systems on a state-wide basis.

Wind energy systems typically consist of (1) easements, rights of way, or leasehold interests in real estate (the site), and (2) access roads, towers, wind turbines and other related equipment installed on the site (site improvements). Our comments will be primarily focused on the valuation of the site improvements set forth in the Proposed 2014 Report.

Michigan property tax law levies property taxes based on the true cash value (essentially the usual selling price between willing buyers and willing sellers) of property. For personal property (such as wind energy equipment), the STC provides guidance for the determination of true cash value in the form of valuation multipliers to apply to the original construction cost of the machinery and equipment. These multipliers are meant to reflect the reduction in value of personal property as it depreciates over time. Michigan law requires all Michigan assessing officers to either follow STC guidance or show adequate market data to support their determination of true cash value for the property.¹

As wind energy systems continue to be constructed in the State of Michigan in response to the State's renewable energy mandate, and thus become an increasing part of the personal property tax base of many jurisdictions, it is imperative that these multipliers be based on fair and accurate data and accurately reflect the true cash value of the wind energy equipment as it depreciates over time.

¹ MCL 211.10e

Communities and developers participating in these projects can thereby be fully informed as to the property taxes expected to be derived from these facilities and Michigan electric utility customers can be assured that they will not be asked to bear excessive costs.

Consumers Energy owns and operates one large-scale wind energy project in Michigan and is developing a second project. Consumers Energy also purchases, for resale to its retail electric utility customers, a substantial portion of the wind energy produced in the State by independent suppliers. All investor-owned, regulated public utilities, including Consumers Energy, have a responsibility to ensure electric service costs are prudent and reasonable. As a regulated public utility, our property tax burden is not borne by institutional and private investors but by our residential, commercial and industrial customers located throughout Michigan. A fair and appropriate property tax burden on Michigan wind energy systems will help keep the state's energy costs competitive, assure appropriate wind energy development, and contribute to the growth in Michigan's energy jobs.

BACKGROUND

In 2007, the Michigan Public Service Commission's *21st Century Electric Energy Plan* concluded that renewable energy sources could diversify the state's energy supply, reduce pollution, decrease reliance on other states for electricity and contribute to a more reliable energy system. In response to these conclusions, the State of Michigan enacted legislation in 2008 requiring 10% of the state's electricity supply to be generated from renewable energy sources by 2015. This mandate sparked the development of a number of wind energy systems throughout the state, tripling Michigan's wind energy capacity. As of 2012, Michigan ranks 20th among the states for total installed wind capacity. By 2015, additional wind energy facilities are expected to be built to meet the requirements of this mandate.

The State Tax Commission previously issued two sets of multipliers with respect to wind energy systems. The first set, issued in December 2007² at a time when no large scale wind energy systems existed in Michigan, depreciated wind energy systems over 15 years to a residual value of 30% of original construction cost. Subsequently, the State Tax Commission revised these multipliers in October 2011 to recognize depreciation over 7 years to a residual value of 30% of construction cost. The Proposed 2014 Report sets forth a revised set of multipliers, reflecting depreciation of wind energy systems over 10 years to a residual value of 30% of construction cost, but with no depreciation recognized for the first year of operation.

RECOMMENDATION

Consumers Energy urges the Commission adopt multipliers based on solid and credible market data.³ Due to the unique nature of wind energy systems, we understand this can be difficult. Accordingly, we offer the following principles that we believe should be considered in the design of any multipliers to be used with respect to wind energy systems.

- **Intangible assets of wind energy projects and government support should be appropriately considered.** Like other forms of renewable energy, the wind energy industry is heavily dependent on government subsidies and renewable energy mandates. Today, these subsidies are in the form of production or investment tax credits, accelerated depreciation, above market power purchase agreements, and the creation of transferable renewable energy certificates. While some of these are federal, and thus operate uniformly across the country, many others are established state-by-state, and thus vary widely across the country. Many of these incentives are front

² Minutes of the Meeting of the State Tax Commission, December 20, 2007

³ Our comments should not be construed to either endorse or oppose the Proposed 2014 Report.

loaded, that is, they inure to the original owner of the facility and expire relatively early in the life of the facility. Some of these incentives may be attributable to the tangible personal property itself, while others may be in the nature of separate intangible assets. Therefore, the initial investment in wind energy projects developed by utilities and independent power producers alike is supported financially by governmental subsidies and a mix of both tangible and intangible components. Likewise, the subsequent market value of the assets may be diminished by the reduction or expiration of these governmental subsidies. Accordingly, the multipliers should be designed to ensure that the calculated true cash value represents only the taxable tangible asset components of the wind energy system. Further, to the extent that government support is considered in the initial value of the wind energy system, the expiration of that support over time should also be accurately reflected.

- **Technological advancements should be appropriately considered.** The wind energy industry currently benefits from rapidly changing technologies as turbine manufacturers seek to improve efficiencies and develop larger, more cost effective models. Factors which position wind energy for continued technological advancement include larger wind-swept areas of longer turbine blades, taller towers and improvements in turbine design. In addition, the growth in domestic manufacturing of wind energy turbine components and lower manufacturing costs means that newer, more efficient models are continually becoming available at more attractive pricing. Consequently, these improvements have a negative effect on the value of previously-installed wind energy systems and should be reflected appropriately in the multipliers, even in the multiplier for the first year.

- **Market value data should be appropriately considered.** The 2014 multipliers should reflect current year valuations for equipment of various vintages based on market data utilizing the generally-accepted three valuation approaches, that is, the capitalization of income approach, the sales comparison approach and the cost less depreciation method. A periodic review of current market data by the STC may be necessary to ensure the STC's multipliers accurately reflect changes and developments in the renewable energy industry. Periodic consideration should be given to, but not limited to, the following valuation assumptions:

- Historical and projected market revenues for energy and capacity
- Evidence of changes in operating and maintenance costs
- Analysis of sales information adjusted to reflect the value of taxable tangible property
- Expiration and transferability of subsidies and mandates
- Geographic and chronological variances in wind levels
- Differences among states and locations with regard to mandates and subsidies
- Evidence of physical deterioration
- Functional obsolescence of older wind energy assets compared to newer forms and to other forms of electric generation
- Economic obsolescence

CONCLUSION

Thank you for the opportunity to comment on the STC's Proposed 2014 Report. We appreciate the Commission considering the interests of both local communities and taxpayers as it carries out its statutory responsibilities to ensure a fair and uniform Michigan property tax system.

Michigan Tax Commission

EDP Renewables North America Comments on Changes to Form 4565 – Wind Energy Systems Report

INTRODUCTION

EDP Renewables North America LLC (EDPRNA) and its subsidiaries develop, construct, own, and operate wind farms throughout North America. Based in Houston, Texas with 29 wind farms and six offices across the United States and Canada, EDPRNA has developed more than 4,000 megawatts (MW) and operates over 3,800 MW of wind farms.

EDPR NA is owned by EDP Renováveis, S.A., a global leader in the renewable energy sector. The company's long-term growth is driven by favorable renewable energy market conditions. EDPR is committed to renewable energy generation as it becomes increasingly reliable and competitive due to technological advancements that lead to greater efficiencies. The company operates in the most attractive markets, continuously expanding into new states and areas of the world. EDPR is currently present in 11 states in the United States as well as Canada, Europe, and South America.

Our parent company EDP Renewables (Euronext: EDPR) is a leading global renewable energy company devoted to value creation, innovation and sustainability. We operate in markets around the globe and are continuously expanding our business to new regions, making the commitment to lead in each market as well as create value for our stakeholders and shareholders.

SUMMARY of POSITION

EDPRNA encourages the Tax Commission to conduct a stakeholder process to collect information from wind farm developers, owner/operators, turbine manufacturers, and local governments to develop a record upon which to develop a wind energy system report that accurately assesses the true cash value of wind turbines in Michigan. We recommend this course of action because we anticipate a need to revise Parts 2 and 3 of the proposed 2014 Wind Energy System Report ("Proposed 2014 Form") if Michigan is to attract new wind energy development to the state. Furthermore, the Tax Commission should examine how changes in the form that result in an increase in personal property taxes can adversely impact businesses considering expansion of development activities into Michigan.

COMMENTS:

EDPRNA is considering the opportunity to develop and build one or more wind energy projects in the state of Michigan and would like to understand the calculations that were made in the development of the figures in Parts 2 and 3 of Form 4565 (as reflected in the Proposed 2014 Form), as well as in prior years of the form. These figures do not appear to be supported by actual industry data, as the increases are contrary to a trend of decreasing turbine costs in recent years.

In Part 2 of the Proposed 2014 Form, the proposed per-turbine rates appear to be somewhere between what was used in the 2012 report and what was used in the form prior to 2011. We are unclear about the basis for these values, as they do not seem to reflect either agricultural or industrial land values that we are familiar with. A number of factors affect whether such a change is reasonable, and one of them is whether the rates used in the pre-2011 form were accurate. It is unclear to EDPRNA whether that is the case, as these numbers far exceed assessed values in other, comparable states where EDPRNA has an active operational presence.

In Part 3, the Proposed 2014 Form reduces the rate of depreciation of the turbine components from a seven-year period to a ten-year period, thus increasing costs to projects. The seven-year depreciation period is preferable to EDPRNA, as we seek to develop projects where our costs – particularly those in the first ten

years due to Federal policy – are as low as possible. We also understand the importance of participating in the community as a local business, and want to contribute to local entities in a manner that is fair and predictable.

Also in Part 3, a significant portion of the True Cash Value is based on the value of the turbine. In our experience, turbine procurement and installation costs have dropped approximately 30% since 2009.

We respectfully assert that a stakeholder process would allow affected parties – existing wind farm owners/operators, future wind farm developers/owners/operators, and local government – to understand the rationale behind the calculations in this form that determine the amount of industrial personal property tax an owner/operator pays. EDPRNA recognizes that as an owner/operator, we are a local business that benefits from local services and therefore should pay a personal property tax that is fair and reasonable.

We would also like the opportunity to describe possible payment structures that provide certainty over the long term. For most businesses, a change in cost can be recovered from customers through a change in the cost of the product they provide. A wind farm owner/operator, however, lacks such flexibility. Once a wind farm is operational, wind farm owners/operators like EDPRNA are typically restricted in the ability to pass through increased costs to customers. We enter into long-term power purchase agreements (PPAs) with off-takers with a locked-in price for up to twenty years. This provides a benefit to both utilities and electricity consumers, as it assures them a reliable source of electricity at a known rate for a long period of time. However, an increase in taxes after a project is financed and the power is contracted increases the owner/operator's expenses and reduces or eliminates the return on investment that was necessary to proceed with the project in the first place.

An owner/operator needs certainty and stability in the tax structure in order to commit to the investment required to build and to operate a wind farm. It takes years for a developer to accomplish all of the work necessary to build a wind farm, and estimates of tax expenditures are an important part of the project preparation.

EDPRNA assesses risks when determining whether or not to proceed with a project, and if tax rates are comparatively high or appear to be unpredictable, we are likely to build elsewhere. Large increases or unknown fee structures threaten projects with existing contracts and adversely impact the financing of projects that are well along the path of development. The increase in personal property taxes caused by the Proposed 2014 Form could make future projects unprofitable, causing a developer to cancel Michigan project plans. Conducting a stakeholder process would allow the Tax Commission to evaluate the impact the changes in the Form will have on wind farm developer/owner/operators like EDPRNA who are looking to develop projects and to balance specific financial impacts with the needs of local government.

RECOMMENDED COURSES OF ACTION:

1. The Michigan Tax Commission should conduct a stakeholder process to better understand the impacts that Proposed 2014 Form would have not only on wind farms that are operating and currently under development, but also those that could be developed in Michigan. Such a process would give the Commission the information it needs to modify the form so it assesses fair and reasonable True Cash Values via Parts 2 and 3.
2. The Michigan Tax Commission should also study how wind farms are assessed in surrounding states in order to identify opportunities that might make Michigan more attractive and competitive for future project development.

EDPRNA has operational projects nearby in Ohio, Indiana, and Illinois (and several other states), and we would be happy to participate in such a stakeholder process.

Michigan Tax Commission

Wind on the Wires' Comments on Changes to Form 4565 – Wind Energy Systems Report

INTRODUCTION: Wind on the Wires is a not-for-profit organization that provides technical and public policy perspectives on wind-related issues in the Midwest. Our members include twenty-two wind developers, eight environmental organizations, and a variety of construction companies, transmission developers, wind component manufacturers and energy consultants who provide services in the Midwest and nationally.

SUMMARY of POSITION: Wind on the Wires' encourages the Tax Commission to conduct a stakeholder process to collect information from turbine owners/operators and local governments to develop a record upon which to develop a wind energy system report that accurately assesses the True Cash Value of wind turbines in Michigan and provide a predictable and reliable revenue stream to local communities. We recommend this course of action because there is need to revise Parts 2 and 3 of the proposed 2014 Wind Energy System Report ("Proposed 2014 Form"). Furthermore, the Tax Commission should examine how any change in the form that results in an increase in personal property taxes can be managed through the typical wind power purchase agreement that is typically locked in for twenty years at a set rate.

COMMENTS:

The changes to Parts 2 and 3 of Form 4565 (as reflected in the Proposed 2014 Form), without further explanation from the Tax Commission, appear to be somewhat arbitrary and potentially unreasonable. As discussed in further detail below, they are not supported by actual industry data and the reduction in the depreciation rate is contrary to trends in turbine costs – which are decreasing.

Wind farm owners/operators are limited in their ability to pass through increased costs to customers because they typically sell the electricity they generate through a contract with a set rate for up to twenty years. This is a great benefit to electricity consumers, as it assures them a reliable source of electricity at a known rate for a long period of time. An increase in taxes increases the owner/operator's expenses and reduces or eliminates the return on investment anticipated when the project was approved. An owner/operator needs certainty and stability in the tax structure in order to commit to the investment required to build and to operate a wind farm. It takes years for a developer to accomplish all of the work needed to build a wind farm – select a site for a project, negotiate land leases, measure and analyze the wind resource, conduct interconnection and transmission studies, conduct environmental and archaeological studies, design the site, apply for necessary permits, engineer the facility, and build the project. The cost estimates for such an endeavor depend on the stability of the taxing bodies. Large increases, or an unknown fee structure, threaten projects with existing contracts and adversely impact the financing of projects that are well along the path of development. The increase in personal property taxes caused by the Proposed 2014 Form could make certain projects that are operating and others under development unprofitable, causing the developer to have to break a contract or lose hundreds of thousands of dollars typically placed into project development. Conducting a stakeholder process will allow the Tax Commission to evaluate the impact

the changes in the Form will have on existing owner/operators and owner/operators who are looking to develop and to balance those impacts with the needs of local government.

In Part 2 of the Proposed 2014 Form, the per-turbine rates that are being proposed appear to be a mid-value between what was used in the 2012 report and what was used in the form prior to 2011. That change does not seem to be based on actual changes in land value. A number of factors affect whether such a change is reasonable, and one of them is whether the rates used in the pre-2011 form were accurate. It is unclear to Wind on the Wires whether that is the case. Companies who are developing projects in Michigan should have accurate information about land value and changes thereto; these companies might be able to provide information on land value to the Tax Commission through a stakeholder process, provided such information can be kept confidential.

In Part 3, the Proposed 2014 Form reduces the rate of depreciation of the turbine components from a seven-year period to a ten-year period. A significant portion of the True Cash Value calculated in this section is based on the value of the turbine. The proposed reduction in the rate of depreciation is inconsistent with the fact that turbine prices have decreased since 2009. Average wind turbine prices in 2009 were slightly more than \$1,500,000 per megawatt and have dropped to a range of \$900,000 to \$1,300,000 per megawatt. Turbine prices are expected to continue to drop due to improvements in turbine technology and more favorable terms for turbine purchasers. (See U.S Department of Energy, "2012 Wind Technologies Market Report" at 32-34 (August 2013) http://www1.eere.energy.gov/wind/pdfs/2012_wind_technologies_market_report.pdf).

A significant reason for collecting input from affected stakeholders is the impact a change in this form has on both turbine owners/operators and on local government. Form 4565 assesses the True Cash Value of wind energy systems. A change in the True Cash Value of a turbine impacts the amount of industrial personal property tax an owner/operator pays. Owners/operators are local businesses that benefit from local services and therefore should pay a personal property tax that is fair and reasonable. For most businesses, a change in cost can be recovered from customers through a change in the cost of the product they provide. A wind farm owner/operator, however, doesn't have that flexibility.

RECOMMENDED COURSE OF ACTION:

The Michigan Tax Commission should conduct a stakeholder process to better understand the impacts Proposed 2014 Form would have on wind farms that are operating and in development and even those that could be developed in Michigan. Such a process would give the Commission the information it needs to modify the form so it assesses fair and reasonable True Cash Values via Parts 2 and 3. Members of Wind on the Wires would like to formally participate, submit information and data, and otherwise inform the discretion of the Tax Commission.

If the Tax Commission decides to not conduct a stakeholder process, then a methodology should be established that accounts for the fixed nature of a wind farm's revenue stream. That methodology would need to treat existing projects and projects under development differently from projects whose development starts after Form 4565 is revised.

Sobel, Kelli (Treasury)

From: Jerry Rohde <jerry@wheelertownship.com>
Sent: Thursday, August 15, 2013 12:39 PM
To: State-Tax-Commission
Subject: Form 4565 Wind Energy Tables

Hi Kelli and members of the STC.

I would like to make a comment regarding the Multiplier Tables the STC is looking at to make some changes on. Wheeler Township at this time has 56 Wind Turbines owned by DTE Electric Company. When these Turbines were installed a couple of years ago the STC had tables in place that we all considered reasonable for the industry. As you know these tables put the turbines on our tax roll at 100% and depreciated them down at the rate of 5% per year down to a bottom of 30%. Then out of the blue the STC changed the tables that put them on the rolls at 80% in year one and dropped them at the rate of 10% per year down to a bottom of 30% in about 7 years. Neither of these two tables were developed with any kind of study being done. When these tables were changed the majority of the assessors who had wind turbines felt that the depreciation dropped far too fast so based on some analysis that was done through our Wind Coalition group. Although it was not a complete study, we all felt that using the original tables the STC had previously, better reflected the value of wind turbines. In order to be consistent most assessors agreed to use the original tables. When the original tables were used by Wheeler, DTE in our case appealed the assessments, saying that we did not use the new STC tables in effect at the time. Our attorney Clark Hill answered the petitions basically saying that the assessors felt that the old previous tables more accurately reflected the values of the wind turbines. At this time we have 56 turbines in Wheeler that are under appeal. Since then, a third set of numbers that fell somewhere in between was purposed in order to help settle the appeals. We think at this time we should be able to settle these appeals with DTE, but would request that when you look at these tables again we come up with something that is more consistent to what most of the assessors feel better reflects the value of the turbines. Another thing that I feel should be taken into consideration is the income that the turbines produce. My calculations show that based on the payments made to the landowners who share 4% of the revenue from the turbines, the income for our wind farm of 133 turbines exceeds \$50,000,000 annually.

With Best Regards

Jerry Rohde

Wheeler Township Supervisor/Assessor

MICHIGAN RENEWABLE ENERGY COLLABORATIVE
Representing Renewable Energy Interests in Michigan.

MREC

EXECUTIVE COMMITTEE

Ron Wruble, Chairman
Huron Co. Commissioner
250 E. Huron Ave. #305
Bad Axe, MI 48413
989.975.2684
rdwruble@comcast.net

William Renn, Vice Chair
Chandler Twp. Supervisor
6206 Campbell Rd.
Pigeon, MI 48755
989.453.3688
channrenn@avci.net

Terry O'Connor
Minden Twp. Supervisor
1510 Main St..
Minden City, MI 48456
989.553.3456
t_oconnor@echoicemi.com

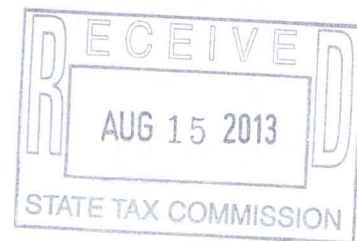
Kathleen Dorman
Sanilac Co. Administrator
60 W. Sanilac Ave., Rm. 102
Sandusky, MI 48471
810.648.2933
kdorman@sanilacounty.net

Mike Hoagland
Tuscola County Controller
125 W. Lincoln St.
Caro, MI 48723
989.673.3703
mhoagland@tuscolacounty.org

Gene Pierce
Tuscola Co. ISD
Superintendent
1385 Cleaver Rd.
Caro, MI 48723
989.673.2144 x 401
gpierce@tuscolaisd.org

Jerry Rohde
Wheeler Twp. Supervisor
8510 E. Monroe Rd.
Wheeler, MI 48662
989.842.3428
jerry@wheelertownship.com

August 13, 2013



Mr. Doug Roberts, Chairman
Michigan State Tax Commission
PO Box 30471
Lansing, MI 48909

Dear Commissioners:

The Michigan Renewable Energy Collaborative supports the proposed 2014 Form 4565 Wind Energy Systems Report—Part 3 Site Improvement multipliers (copy attached)

Sincerely,

A handwritten signature in dark ink that reads "Ron Wruble".

Ron Wruble
Chairman

2014 Wind Energy System Report (as of 12-31-2013)

Issued under authority of Public Act 206 of 1893.

See page 2 for instructions on completing this form.

Part 1: Taxpayer/Location Information

Taxpayer and local unit information regarding the Wind Energy System must be completed in full.

Taxpayer's Business Name		Name of Local Unit where Wind Energy System is Located City of _____	
Personal Property Parcel Number	County	Township of _____	
Real Parcel Identification Number (PIN) where System located		Phone Number for Site Access	

Legal description of land where Wind Energy System is located (attach additional sheets if necessary)

Part 2: Easements, Rights of Way and/or Leasehold Interests

To be completed by the Taxpayer. In none, enter 0

Assessor's Calculation of True Cash Value

Number of 1.5 MW Wind Turbine Towers in Service:	x \$43,600 =	
Number of 1.65 MW Wind Turbine Towers in Service:	x \$47,900 =	
Number of 2.0 MW Wind Turbine Towers in Service:	x \$58,100 =	
Number of 2.2 MW Wind Turbine Towers in Service:	x \$64,000 =	
Number of 2.5 MW Wind Turbine Towers in Service:	x \$72,700 =	
Total True Cash Value		

Part 3: Site Improvements Include costs for the rotor, drive train, tower, controls, electric interface and tower foundation and all land improvement (except buildings), such as roads, fences and communication facilities. Enter costs into the column to the right of the corresponding year.

Year	Original Cost		Assessor's Calculation of True Cash Value
2013		1.00	
2012		0.80	
2011		0.75	
2010		0.70	
2009		0.60	
2008		0.50	
2007		0.45	
2006		0.40	
2005		0.35	
Prior		0.30	

Chandler Township

6206 Campbell Road – Pigeon, Michigan 48755-9715

Supervisor-Bill Renn Clerk-Kevin Roestel

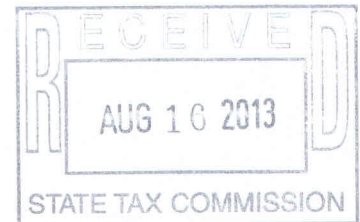
Treasurer-Connie Herford

Trustee's – Dave Tait and Paul Swartzendruber

Mobile 989-553-4005 Home 989-453-3688 E-mail chanrenn@avci.net

August 8, 2013

Ms. Kelli Sorbel
State Tax Commission
P.O. Box 30471
Lansing, Michigan 48909-7971



Re: Proposed 2014 Wind Energy Form #4565

Dear Ms. Sorbel,

We are not in agreement with the new form (#4565). We believe it does not reflect the true value of a turbine over the turbine's anticipated life span. The multiplier table used in this form must be based on documented research.

Chandler township is an agricultural based township and welcomed John Deere in 2007 for 5 turbines, Exelon in 2012 for 15 turbines, and DTE in 2013 for 60 turbines and a sub-station. All my residents ask is that they be assessed at 50% of true cash value.

We appreciate the opportunity to comment on this proposed form and are willing to work with the tax commission so that this form more accurately reflects the value in the wind parks.

Sincerely,


Chandler Township Supervisor
Huron County

cc:

Senator Mike Green

Representative Terry Brown

Senator Phil Pavlov

Michigan Township Association

MREC



August 14, 2013

Mr. Douglas Roberts, Chair
State Tax Commission
State of Michigan
P.O. Box 30471
Lansing, MI 48909

Mr. Robert Naftaly
State Tax Commission
State of Michigan
P.O. Box 30471
Lansing, MI 48909

Mr. Barry Simon
State Tax Commission
State of Michigan
P.O. Box 30471
Lansing, MI 48909

Dear State Tax Commissioners,

The Michigan Townships Association (MTA) respectfully offers the following perspectives for your consideration regarding the proposed change to form 4565 Wind Energy Systems Report released on June 17, 2013.

There is a widely held perspective that the proposed depreciation table is being offered to the various stakeholders as a compromise to settle the current dispute over appropriate valuation. While that is a laudable intention, MTA believes it is imperative the depreciation multiplier tables be based on credible appraisal studies to determine wind turbine cash values. If the proposed table was in fact based on such a study, we ask that the Commission share its study and supporting data for the proposed changes in form 4565. Absent supportive documentation, the credibility of these tables will remain clouded and, if challenged, there is further concern if they would ultimately be upheld by the Michigan Tax Tribunal.

As a general practice, we urge the State Tax Commission to consistently use objective appraisal data to determine depreciation tables for all types of depreciable property. We believe anything short of doing so would create an appearance of an arbitrary tax system and undermine its credibility in the eyes of the taxpayers.

We also respectfully add that wind turbines are one of the most controversial land use issues in the state at this time. In the majority of cases, communities accept the wind turbines because of the tax revenue that will benefit their areas. However, local officials have been recalled or voted out of office in some cases for supporting the location of wind turbines. It is in the public interest to minimize the high degree of controversy that is often created by the placement of wind turbines. Fair and equitable taxation will make wind turbines more acceptable to more communities.

Thank you for your consideration of our views.

Sincerely,

A handwritten signature in cursive script, reading "G. Lawrence Merrill".

G. Lawrence Merrill
Executive Director

Sobel, Kelli (Treasury)

From: Sherry Learman <learmans@co.huron.mi.us>
Sent: Tuesday, August 06, 2013 11:32 AM
To: State-Tax-Commission
Subject: Form 4565

Hello:

I was asked to send comments that I have been receiving from neighbors and my constituents regarding the windmills. One of my neighbors asked me: why do you care if the windmills are taxed? You don't have the revenue now. I replied to him: If someone builds a new house, why should we tax them, we don't have the revenue now. He smiled and said, I get it.

I would just like to see the windmill's taxable value reflect what any other taxpayer would have to pay if they would erect a new house, shed, etc. Please don't make it about who is installing the windmill but the fair taxable value of that windmill.

I noticed that the 2014 form 4565 shows the first year (2013) at 100% for new windmills. Is the rate of decrease of 20% fair and equitable for the second year and decrease to 30% in the next 8 years?

When the first windmills were being installed, taxable value was 100% the first year and a decline of 5% per year until year 15 and then it stayed at 30% for the rest of the lifetime of the windmill. I know that the State Tax Commission worked with the assessors in Huron County to come up with that depreciation schedule. What changed?

I know that it is not an easy job especially when you have so many people giving you opinions. Again, I ask you to base taxable value on facts regarding True Cash Value not on the fact that they are windmills.

Thank you for taking the time to read this.

If you have any questions, please feel free to call or email.

Sherry Learman
Huron County Treasurer
250 East Huron Ave., County Building, Room 204
PO Box 69
Bad Axe, MI 48413
Phone (989) 269-9238
Fax (989) 269-0002

Sobel, Kelli (Treasury)

From: Kenn Wimmer <kennwimmer@yahoo.com>
Sent: Friday, August 02, 2013 2:00 PM
To: Sobel, Kelli (Treasury)
Subject: Proposed 2014 Wind Energy Multiplier

Dear Ms. Sobel,

In response to the Request for Comments, please refer the following points to the State Tax Commission for their deliberation.

1. Section 2 of the proposed multiplier form bypasses the question of "Original Cost" and instead provides the property owner a possibly fictitious predetermined value associated with size of Kw generator. When a property owner files a Personal Property Statement they are always instructed to use the Original Cost New, plus associated costs, rather than a rebooking or accounting value. The assessor then is charged with determining the correct method of depreciation to determine the current True Cash Value. The assessor is also required to review actual sales of similar property to determine it's True Cash Value as a Sales Study. Ideally these two values would be close and support each other.

All forms from the Commission, multiplier or otherwise, should be consistent and follow the provisions of the enacted laws and regulations which have been interpreted in numerous Court cases by using the "Original Cost" of a property.

2. Further, when the Commission is unable for whatever reason, to research and document the calculations promoted by the Commission, the Commission should look beyond it's walls to other State Departments and Commissions for possible guidance. In this instance, the Public Service Commission has extensive data, generated in part from public hearings and sworn testimony, in addition to staff recommendation as to values relating to wind tower and generator expected useful life.

Efficient use of taxpayer funding should always be a concern and in this proposed multiplier schedule, to ignore the staffwork, testimony, and hearings from the Public Service Commission could open the Tax Commission to charges of cronyism, misfeasance and malfeasance.

Thank you for your time and allowing me to provide comment.

Kenneth Wimmer, R-6888
Assessor Buel, Flynn & Delaware Townships

Sobel, Kelli (Treasury)

From: Jeanine Moon <chiktwpassr@csinet.net>
Sent: Wednesday, July 24, 2013 11:54 AM
To: Sobel, Kelli (Treasury)
Subject: RE: Wind Turbines

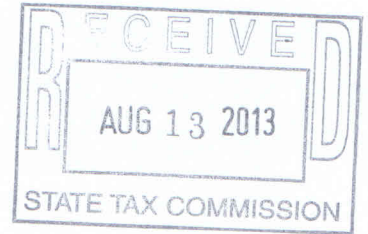
Very much improved. I don't think you missed any pertinent data. Jeanine Moon

From: Sobel, Kelli (Treasury) [<mailto:SobelK2@MICHIGAN.GOV>]
Sent: Monday, June 17, 2013 9:40 AM
To: TREAS-STC-PTD@LISTSERV.MICHIGAN.GOV
Subject: Wind Turbines

The State Tax Commission is soliciting comments on the attached change to form 4565 Wind Energy Systems Report. All comments must be in writing and must be received by the State Tax Commission by 5 P.M. on August 16, 2013. Written comments can be mailed to the Commission at P.O. Box 30471, Lansing, MI 48909, faxed at 517-241-1650 or emailed at state-tax-commission@michigan.gov

August 9, 2013

To: Kelli Sobel
Michigan State Tax Commission
P.O. Box 30471
Lansing, Michigan 48909-7971



Subject: Proposed 2014 Wind Energy System Form 4565 Comments

Dear Ms. Sobel

I would like to express my appreciation that the Michigan State Tax Commission is considering changes to Form 4565 for Wind Energy Systems. While most of the discussion is centered on multipliers there are other changes needed in Form 4565 to comply with the General Property Tax Act which are as follows:


The GPTA clearly states the following in clarifying the components of a Wind Energy System, it states "208. (f) For taxes levied after December 31, 2005, a wind energy system. As used in this subdivision, "Wind Energy System" means an integrated unit consisting of a wind turbine composed of a rotor, an electrical generator, a control system, an inverter or other power conditioning unit, and a tower, which uses moving air to produce power."

Yet the proposed Form 4565 Form Part 3 Site Improvements includes roads, fences and communication facilities which state law does not codify as part of the wind energy system. Therefore only the components codified by the GPTA should be considered in Part 3 Site improvements. Roads, fences and communication facilities should be classified as are other similar properties and should be removed from Part 3 of Form 4565.

Another change that is necessary is to add a section at the bottom of Form 4565 to add the true cash value of Part 2 and Part 3 for a total True Cash Value.

Once again I appreciate the efforts of The State Tax Commission to assure that all parties are heard.

Sincerely,


Michael Krause

1785 Thompson Rd

Bad Axe Michigan 48413

Certified Personal Property Examiner